

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**



W-02372A  
Verde Lakes Water Corporation  
2867 S. Verde Lakes Drive #B  
Camp Verde, AZ 86322

**ANNUAL REPORT** **RECEIVED**

APR 17 2006

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**FOR YEAR ENDING**

12	31	2005
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FOR COMMISSION USE

ANN04	05
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entered  
4-18-06  
14 RF

## COMPANY INFORMATION

**Company Name (Business Name)** VERDE LAKES WATER CORPORATION

**Mailing Address** 2867 S. VERDE LAKES DRIVE  
(Street)

CAMP VERDE, ARIZONA 86322  
(City) (State) (Zip)

928-567-4338 928-567-7049 928-300-0541  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Email Address** vlwatercorp@commspeed.net

**Local Office Mailing Address** SAME  
(Street)

(City) (State) (Zip)

Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Email Address** SAME

## MANAGEMENT INFORMATION

**Management Contact:** ALAN WILLIAMS OPERATIONS DIRECTOR  
(Name) (Title)

2867 S. VERDE LAKES DRIVE CAMP VERDE ARIZONA 86322  
(Street) (City) (State) (Zip)

928-567-4338 928-567-7049 928-300-0541  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Email Address** bigal@wildapache.net

**On Site Manager:** SAME

(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

<b>Statutory Agent:</b> <u>ALAN WILLIAMS</u>			
(Name)			
<u>2867 S. VERDE LAKES DRIVE</u>	<u>CAMP VERDE</u>	<u>ARIZONA</u>	<u>86322</u>
(Street)	(City)	(State)	(Zip)
<u>928-567-4338</u>	<u>928-567-7049</u>	<u>928-300-0541</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Attorney:</b> <u>N/A</u>			
(Name)			
(Street) (City) (State) (Zip)			
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### **OWNERSHIP INFORMATION**

Check the following box that applies to your company:

- |   |   |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S)    | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                     |
| <input type="checkbox"/> Bankruptcy (B)         | <input checked="" type="checkbox"/> Association/Co-op (A)                 |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                        |
| <input type="checkbox"/> Other (Describe) _____ |   |

### **COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |   |                                   |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE            | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM             | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA           | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA               | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE  |   |                                   |

COMPANY NAME

VERDE LAKES WATER CORPORATION

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	28,320	-0-	28,320
304	Structures and Improvements	43,660	11,245	32,415
307	Wells and Springs	29,422	18,314	11,108
311	Pumping Equipment	75,900	59,722	16,178
320	Water Treatment Equipment	1,818	970	848
330	Distribution Reservoirs and Standpipes	139,875	106,480	33,395
331	Transmission and Distribution Mains	333,786	305,355	28,431
333	Services	30,771	25,845	4,926
334	Meters and Meter Installations	56,256	55,511	745
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	10,401	9,965	436
341	Transportation Equipment	7,299	6,880	419
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	55,806	27,550	28,256
346	Communication Equipment	1,042	459	583
347	Miscellaneous Equipment	8,913	1,887	7,026
348	Other Tangible Plant	2,388	2,388	-0-
	<b>TOTALS</b>	<b>825,657</b>	<b>632,571</b>	<b>193,086</b>

This amount goes on the Balance Sheet Acct. No. 108

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	28,320	MA	-0-
304	Structures and Improvements	43,660	2.56	1,167
307	Wells and Springs	29,422	5.0	926
311	Pumping Equipment	75,900	14.29	4,367
320	Water Treatment Equipment	1,818	5.0	57
330	Distribution Reservoirs and Standpipes	139,875	5.0	7,038
331	Transmission and Distribution Mains	333,786	5.0	9,512
333	Services	30,771	5.0	439
334	Meters and Meter Installations	56,256	14.29	1,939
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	10,401	14.29	397
341	Transportation Equipment	7,299	20.0	840
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	55,806	14.29	5,321
346	Communication Equipment	1,042	14.29	149
347	Miscellaneous Equipment	8,913	5.0	647
348	Other Tangible Plant	2,388	MA	-0-
	<b>TOTALS</b>	<b>825,657</b>		<b>32,799</b>

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
Acct. No. 403.

COMPANY NAME

VERDE LAKES WATER CORPORATION

**BALANCE SHEET**

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 5,429	\$ 2,064
134	Working Funds		
135	Temporary Cash Investments	150,827	184,850
141	Customer Accounts Receivable	10,006	10,006
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	7,888	7,888
162	Prepayments	716	716
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 174,866	\$ 205,524
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 812,339	\$ 816,308
103	Property Held for Future Use	9,350	9,350
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(599,772)	(632,571)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 221,917	\$ 193,087
	<b>TOTAL ASSETS</b>	\$ 396,783	\$ 398,611

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

### **BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$ 8,262	\$ 2,843
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	12,213	11,653
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 20,475	\$ 14,496
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	48,145	47,148
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 48,145	\$ 47,148
	<b>TOTAL LIABILITIES</b>	\$ 68,620	\$ 61,644
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	328,163	386,967
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 328,163	\$ 336,967
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 396,783	\$ 398,611

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	Metered Water Revenue	\$ 217,775	\$ 214,121
460	Unmetered Water Revenue		
474	Other Water Revenues	15,112	17,358
	<b>TOTAL REVENUES</b>	\$ 232,887	\$ 231,479
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 83,197	\$ 80,886
610	Purchased Water		
615	Purchased Power	15,662	18,878
618	Chemicals		
620	Repairs and Maintenance	6,279	8,200
621	Office Supplies and Expense	25,996	26,448
630	Outside Services	7,155	8,891
635	Water Testing	6,107	4,287
641	Rents	4,335	4,200
650	Transportation Expenses	6,309	3,864
657	Insurance – General Liability	9,005	10,559
659	Insurance - Health and Life	2,752	3,750
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	1,317	1,086
403	Depreciation Expense	37,392	32,799
408	Taxes Other Than Income	10,216	9,718
408.11	Property Taxes	11,540	11,544
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 227,262	\$ 225,110
	<b>OPERATING INCOME/(LOSS)</b>	\$ 5,625	\$ 6,369
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 1,452	\$ 3,023
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	1,310	588
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ 142	\$ 2,435
	<b>NET INCOME/(LOSS)</b>	\$ 5,767	\$ 8,804



**COMPANY NAME** VERDE LAKES WATER CORPORATION

**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	NONE	NONE	NONE	NONE
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ \_\_\_\_\_

Meter Deposits Refunded During the Test Year \$ \_\_\_\_\_

<b>COMPANY NAME</b>	VERDE LAKES WATER CORPORATION
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## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-801447	10	90	250	10		1992
55-801449	3	25	189	6		1958
55-559150	10	90	390	8	4	1997
55-524344	10	100	184	10	4	1990
55-524343	10	95	200	10	4	1990

\* Arizona Department of Water Resources Identification Number

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7½	9	N/A	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
49,000 GAL	2	5000 GAL	4
125,000 GAL	1		
10,000 GAL	1		
65,000 GAL	2		

**COMPANY NAME** VERDE LAKES WATER CORPORATION

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4	P.V.C.	2,600
5		
6	P.V.C.	17,700
8		
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	783
3/4	N/A
1	3
1 1/2	2
2	2
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

**For the following three items, list the utility owned assets in each category.**

**TREATMENT EQUIPMENT:**

3 CHLORINE PUMPS

**STRUCTURES:**

BIG VALLEY - 1 FLEETRICAL SHED

DINKEY CREEK-1 FLEETRICAL SHED

MAPLE -1 PUMP SHED

STILLWATER -1 PUMP SHED -1 FLEETRICAL SHED

**OTHER:**

N/A

COMPANY NAME: VERDE LAKES WATER CORPORATION

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	787	3,437,440	4,422,500
FEBRUARY	787	3,436,530	4,470,500
MARCH	787	3,220,180	4,277,900
APRIL	787	4,461,150	6,107,900
MAY	787	5,857,951	7,424,800
JUNE	787	8,209,639	10,235,200
JULY	787	8,140,010	9,748,900
AUGUST	787	5,761,684	6,041,900
SEPTEMBER	787	6,311,766	6,892,000
OCTOBER	787	5,582,634	6,958,300
NOVEMBER	787	4,529,430	5,861,700
DECEMBER	787	3,875,800	4,651,900
TOTAL		62,824,214	77,093,500

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(x) Yes                      ( ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes                      (x) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. \_\_\_\_\_ mg/l

*(If more than one well, please list each separately.)*

***Note: If you are filing for more than one system, please provide separate data sheets for each system.***

DINKEY CREEK    .002  
BIG VALLEY       .002  
STILL WATER      .002

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005540535873 MAY 05 #0000009059 \$344.00

VERMIL LAMES WATER CORPORATION 2007 S. VERMIL LAMES DR. CAMP VERMIL, AZ 86322 (907) 887-4283	08061
UNITED STATES TREASURY DEPT. OF THE TREASURY WASHINGTON, DC 20548	\$136.90
Pay To The Order Of: <u>Vermil Lames Water Corp.</u>	
Amount: <u>\$136.90</u>	
Pay Period: 04/01/2005 - 05/04/2005	
0009056* C122100024C 21383131* /0000013690/	

005240580763 MAY 11 #0000009061 \$136.90

VERMIL LAMES WATER CORPORATION 2007 S. VERMIL LAMES DR. CAMP VERMIL, AZ 86322 (907) 887-4283	08063
UNITED STATES TREASURY DEPT. OF THE TREASURY WASHINGTON, DC 20548	\$136.90
Pay To The Order Of: <u>Vermil Lames Water Corp.</u>	
Amount: <u>\$136.90</u>	
Pay Period: 04/01/2005 - 05/04/2005	
0009056* C122100024C 21383131* /0000558001/	

005240351562 MAY 12 #0000009063 \$5,580.01

VERMIL LAMES WATER CORPORATION 2007 S. VERMIL LAMES DR. CAMP VERMIL, AZ 86322 (907) 887-4283	08065
UNITED STATES TREASURY DEPT. OF THE TREASURY WASHINGTON, DC 20548	\$5,580.01
Pay To The Order Of: <u>Vermil Lames Water Corp.</u>	
Amount: <u>\$5,580.01</u>	
Pay Period: 04/01/2005 - 05/04/2005	
0009056* C122100024C 21383131* /0000048785/	

005240429302 MAY 11 #0000009065 \$487.85

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005240580769 MAY 11 #0000009060 \$15.

VERMIL LAMES WATER CORPORATION 2007 S. VERMIL LAMES DR. CAMP VERMIL, AZ 86322 (907) 887-4283	08060
UNITED STATES TREASURY DEPT. OF THE TREASURY WASHINGTON, DC 20548	\$15.00
Pay To The Order Of: <u>Vermil Lames Water Corp.</u>	
Amount: <u>\$15.00</u>	
Pay Period: 04/01/2005 - 05/04/2005	
0009056* C122100024C 21383131* /0000000000/	

005540808521 MAY 04 #0000009062 \$100

VERMIL LAMES WATER CORPORATION 2007 S. VERMIL LAMES DR. CAMP VERMIL, AZ 86322 (907) 887-4283	08062
UNITED STATES TREASURY DEPT. OF THE TREASURY WASHINGTON, DC 20548	\$100.00
Pay To The Order Of: <u>Vermil Lames Water Corp.</u>	
Amount: <u>\$100.00</u>	
Pay Period: 04/01/2005 - 05/04/2005	
0009056* C122100024C 21383131* /0000000000/	

009340204781 MAY 09 #0000009064 \$430

VERMIL LAMES WATER CORPORATION 2007 S. VERMIL LAMES DR. CAMP VERMIL, AZ 86322 (907) 887-4283	08064
UNITED STATES TREASURY DEPT. OF THE TREASURY WASHINGTON, DC 20548	\$430.00
Pay To The Order Of: <u>Vermil Lames Water Corp.</u>	
Amount: <u>\$430.00</u>	
Pay Period: 04/01/2005 - 05/04/2005	
0009056* C122100024C 21383131* /0000000000/	

009740390359 MAY 06 #0000009066 \$324

09271	09271
BANK ONE, N.A. CAMP VERDE, ARIZONA 86322 91-31251	9/30/2005
\$1,645.02	
DOLLARS	
TWO SIGNATURES REQUIRED <i>David Williams</i> <i>De Wille</i> 21383434* 00000164502*	

#0000009271 \$1,645.02

09273	09273
BANK ONE, N.A. CAMP VERDE, ARIZONA 86322 91-31251	9/30/2005
\$19.85	
DOLLARS	
TWO SIGNATURES REQUIRED <i>David Williams</i> <i>De Wille</i> 21383434* 0000005985*	

#0000009273 \$59.85

09275	09275
BANK ONE, N.A. CAMP VERDE, ARIZONA 86322 91-31251	9/30/2005
\$210.00	
DOLLARS	
TWO SIGNATURES REQUIRED <i>David Williams</i> <i>De Wille</i> 21383434* 0000021000*	

#0000009275 \$210.00

09277	09277
BANK ONE, N.A. CAMP VERDE, ARIZONA 86322 91-31251	10/5/2005
\$20.35	
DOLLARS	
TWO SIGNATURES REQUIRED <i>David Williams</i> <i>De Wille</i> 21383434* 000002035*	

09272	09272
BANK ONE, N.A. CAMP VERDE, ARIZONA 86322 91-31251	9/30/2005
\$188.01	
DOLLARS	
TWO SIGNATURES REQUIRED <i>David Williams</i> <i>De Wille</i> 21383434* 0000018801*	

005540623236 OCT 19 #0000009272 \$195.01

09274	09274
BANK ONE, N.A. CAMP VERDE, ARIZONA 86322 91-31251	9/30/2005
\$35.01	
DOLLARS	
TWO SIGNATURES REQUIRED <i>David Williams</i> <i>De Wille</i> 21383434* 0000005501*	

005140374479 OCT 26 #0000009274 \$65.01

09276	09276
BANK ONE, N.A. CAMP VERDE, ARIZONA 86322 91-31251	9/30/2005
\$5,964.01	
DOLLARS	
TWO SIGNATURES REQUIRED <i>David Williams</i> <i>De Wille</i> 21383434* 0000596401*	

005340466354 OCT 19 #0000009276 \$5,964.01

09279	09279
BANK ONE, N.A. CAMP VERDE, ARIZONA 86322 91-31251	10/5/2005
\$35.74	
DOLLARS	
TWO SIGNATURES REQUIRED <i>David Williams</i> <i>De Wille</i> 21383434* 000003574*	

COMPANY NAME VERDE LAKES WATER CORPORATION YEAR ENDING 12/31/2005

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 11,544.02

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

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**VERIFICATION  
AND  
SWORN STATEMENT**  
Taxes

**RECEIVED**

APR 17 2006

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**VERIFICATION**

STATE OF \_\_\_\_\_

I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)	<b>YAVAPAI</b>
NAME (OWNER OR OFFICIAL) TITLE	<b>ALAN WILLIAMS, OPERATIONS DIRECTOR</b>
COMPANY NAME	<b>VERDE LAKES WATER CORPORATION</b>

**DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION**

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 31 DAY OF



MY COMMISSION EXPIRES 10-4-2006

10-4-2004

COUNTY NAME	<b>Yavapai</b>	
MONTH	<b>March</b>	<b>2006</b>



SIGNATURE OF NOTARY PUBLIC



COMPANY NAME VERDE LAKES WATER CORPORATION

YEAR ENDING 12/31/2005

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported \_\_\_\_\_  
Estimated or Actual Federal Tax Liability \_\_\_\_\_

State Taxable Income Reported \_\_\_\_\_  
Estimated or Actual State Tax Liability \_\_\_\_\_

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances \_\_\_\_\_  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
SIGNATURE

3/31/2006  
DATE

Alan Williams  
PRINTED NAME

Operations Director  
TITLE

**RECEIVED**

APR 17 2006

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

VERIFICATION

STATE OF \_\_\_\_\_

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	YAVAPAI
NAME (OWNER OR OFFICIAL) TITLE	ALAN WILLIAMS, OPERATIONS DIRECTOR
COMPANY NAME	VERDE LAKES WATER CORPORATION

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 249,944

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 18,465  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

*Alan Williams*

SIGNATURE OF OWNER OR OFFICIAL

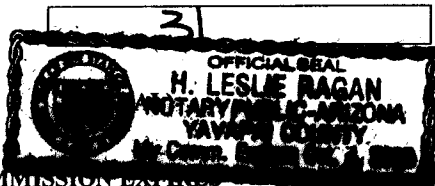
928-567-4338

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



DAY OF

COUNTY NAME	Yavapai
MONTH	March
YEAR	2006

*H. Leslie Ragan*

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

10 - 4 - 2006

VERIFICATION  
AND  
SWORN STATEMENT  
**RESIDENTIAL REVENUE**  
**INTRASTATE REVENUES ONLY**

**RECEIVED**

APR 17 2006

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <p style="text-align: center;">YAVAPAI</p>	
NAME (OWNER OR OFFICIAL) <p style="text-align: center;">ALAN WILLIAMS</p>	TITLE <p style="text-align: center;">OPERATIONS DIRECTOR</p>
COMPANY NAME <p style="text-align: center;">VERDE LAKES WATER CORPORATION</p>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION  
FOR THE YEAR ENDING

MONTH <p style="text-align: center;">12</p>	DAY <p style="text-align: center;">31</p>	YEAR <p style="text-align: center;">2005</p>
--	--	---

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES  \$ <u>249,944</u>
--

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 18,465  
IN SALES TAXES BILLED, OR COLLECTED)

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

  
SIGNATURE OF OWNER OR OFFICIAL

928-567-4338  
TELEPHONE NUMBER

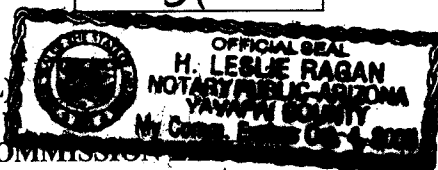
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 31 DAY OF

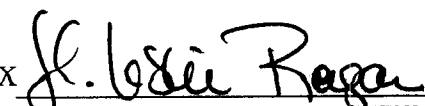
(SEAL)

MY COMMISSION



10 4 2006

NOTARY PUBLIC NAME <p style="text-align: center;">H. Leslie Ragan</p>	
COUNTY NAME <p style="text-align: center;">Yavapai</p>	
MONTH <p style="text-align: center;">March</p>	.20 <u>06</u>

X   
SIGNATURE OF NOTARY PUBLIC